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BULLETIN

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ASTOR, LENOX AND
TILDEN FOUNDATIONS

NATIONAL ASSOCIATION OF CREDIT MEN

PUBLISHED BY

CHAS. E. MEEK, SECRETARY-TREASURER,

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CONTENTS.

	PAGE
Bulk Goods Pamphlet	1
Membership Matters	2
Frederick W. Standart	2
Committee on Credit Co-operation	4
Legislative Committee Matters	5
You—and the Credit Man	6
The Interdependence of the National and Local Associations	7
Errors and Omissions	9
Report of Committee on Credits	10
Items of Interest	10
Credit Co-operation as Conducted by the Louisville Credit Men's Association	11
Personal	12
The Gospel of Reciprocal Reports. By W. A. Given, President of the Pittsburgh Credit Men's Association	13
The Development of Business in the Middle West. Address delivered by F. A. Scott, Secretary, Cleveland Chamber of Commerce, at a meeting of the Cleveland Credit Men's Association, Oct. 29, 1904	17
Adjustment Bureaus	19
Insuring Bank Deposits Without Cost. By James C. Hallock	24
The Working of the Co-Insurance Clause	26
Manana	26
A New Banking Plan	27
Negotiable Instruments Law. Address delivered by R. W. Merrill, before the Grand Rapids Credit Men's Association, Nov. 14, 1904	28
News of the Local Associations	31
Standing Committees	38
Directory of Officers	39

Bulk Goods Pamphlet.

The third edition of "Laws Regulating the Sale of Stocks of Goods in Bulk" has been issued.

The pamphlet contains the laws of all the States where such legislation has been enacted, also many important court decisions. Copies can be had upon application to the Secretary-Treasurer.

Membership Matters.

Membership matters have taken a decidedly lively turn during the past few weeks, many substantial gains having been reported by local associations, which with the result of Assistant Secretary Stockwell's work is reported below:

BRIDGEPORT, CONN.

David Truebee & Co.....	H. A. Sherman
Bridgeport Brass Co.....	Guy P. Miller, Asst. Secy.
The Bryant Electric Co.....	W. C. Bryant, Treas.
Wheeler & Wilson Mfg. Co.....	J. R. Sprott
The Bridgeport Chain Co.....	Gregory S. Bryan, Treas.
John S. Fray & Co.....	John S. Fray
Smith & Egge Mfg. Co.....	Oliver C. Smith, Treas.
The H. O. Canfield Co.....	G. E. Melius, Treas.
The Burns, Silver & Co.....	S. A. Burns, Pres.

DANBURY, CONN.

C. H. Merritt & Son.....	C. H. Merritt
Sanford & Loomis.....	Frederick H. Sanford
The National Hat Co.....	F. A. Knapp, Secy.
S. C. Holley & Co.....	S. E. Downs
D. E. Loewe & Co.....	D. E. Loewe
Lee Hat Mfg. Co.....	Frank H. Lee
H. McLachlan & Co.....	H. McLachlan
John W. Green & Sons.....	W. H. Green, Asst. Treas.

NEW HAVEN, CONN.

The Peck Bros. & Co.....	Chas. H. Downes
Thompson & Belden.....	F. H. Belden, Jr.
Henry Hooker & Co.....	N. Albert Hooker, Secy.
The Seamless Rubber Co.....	E. E. Menges

WATERBURY, CONN.

The Waterbury Farrel Foundry & Machine Co...	Wm. E. Fulton, Treas.
The New England Engineering Co.....	A. O. Shepardson, Treas.
The Apothecaries Hall Co.....	Newton C. Smith, Assist. Treas.

INDIANAPOLIS, IND.

E. C. Atkins & Co.....	M. A. Potter
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BALTIMORE, MD.

Cohen Bros.	
Eichengreen & Co.....	
Cohen & Hartz.....	
Siegel, Rothschild & Co.....	
C. Abramson & Co.....	
Goodman & Jones.....	
L. Applefeld	
Goldenberg Bros.....	
Reinhard, Meyer & Co.....	
J. Harzberg & Co.....	
Baltimore Cloak Co.....	
Burgunder Bros. & Co.....	
Baltimore Biscuit Co.....	
Hollander, Koshland & Co.....	
Edmonston, Smith & Co., Ltd.....	

CHICAGO, ILL.

R. H. Goodell & Co.....	R. H. Goodell
The American Well Works.....	R. D. Mahaffy
Tucker & Hagen.....	Oscar E. Hagen
Marshall & Huschart Machinery Co.....	F. M. Huschart

GRAND RAPIDS, MICH.

Grand Rapids Gas Light Co.....	Irwin Butterworth
Rempis & Gallmeyer Foundry Co.....	C. Gallmeyer
A. E. Brooks & Co.....	Perry Barker
Republic Oil Co.....	P. C. Barnes
Alfred J. Brown Seed Co.....	Alfred J. Brown
Retting Furniture Co.....	R. A. Matheson
William Druke Co.....	M. Richard
Longfellow & Skillman Lumber Co.....	L. L. Skillman
Grand Rapids Wood Carving Co.....	Chas. A. Greenman
Grand Rapids National Bank.....	Dudley E. Waters
Michigan Lithograph Co.....	W. H. Bunn
Powers & Walker Casket Co.....	C. H. Walker

KANSAS CITY, MO.

Bliss Syrup Refining Co.....	
Ridenour-Baker Grocery Co.....	
Western Electric Co.....	

MINNEAPOLIS, MINN.

Dayton Dry Goods Co.....	R. C. Esterly
Creamery Package Mfg. Co.....	H. W. Rice
Minneapolis Implement Co.....	H. D. Hudson
R. Herschel Mfg. Co.....	M. S. Thurber
International Harvester Co. of America.....	S. E. Blekre

NEW YORK CITY, N. Y.

The Warner Bros. Co.....	R. H. Macdonald
The American Exchange National Bank.....	G. C. Haigh
Dows' Mercantile Agency.....	Jos. H. Dows
S. B. Davega.....	
The J. D. Bergen Co.....	Richard H. Keller
Smith, Gray & Co.....	Chas. P. Geddes
Retailers Commercial Agency.....	Frank C. Thompson
The C. H. Hammond Co.....	J. H. McMahon

PHILADELPHIA, PA.

Henry Menke.....	
A. Guggenheim & Co.....	
E. Clinton & Co.....	

ROCHESTER, N. Y.

Camden Cabinet Co.....	Camden, N. Y.
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This office has received several requests that a list of new members be published each month, the list to be similar in form to that contained in the November BULLETIN, and which is following in this issue. Members can clip from this list, inserting the clippings in the Official Membership List.

Frederick W. Standart.

Frederick W. Standart, President of the National Association of Credit Men, was born in Brooklyn, New York, in the year 1864, living there until 1879, at which time he decided to follow Horace Greeley's advice, and settled at Denver, Colorado, where he finished his education,



Frederick W. Standart

which had begun at South Williamstown, Mass., and in 1883 graduated with high honors from the East Denver High School, immediately after which he engaged in the banking business with R. H. McMann & Co., where he remained for nine years, leaving banking to engage in the fire insurance business, as a member of the firm of Brannen, Standart & Kellogg. In 1893, Mr. Standart became connected with the C. S. Morey Mercantile Co., and was made treasurer of the company a year or two later, which office he continues to hold.

Mr. Standart became interested in the National Association of Credit Men in its infancy. He attended the Convention held in Kansas City

and was there chosen a director. At the Convention held in Buffalo in 1899 Mr. Standart was elected Vice-President, and in 1904, at New York City, Mr. Standart was elected President. Mr. Standart has been an untiring worker in the interests of the Association, and largely to his efforts is due the successful career of the Denver Credit Men's Association, of which Mr. Standart was the first President.

Mr. Standart has always been active in the public affairs of the City of Denver, and the State of Colorado. He recently presided at the largest meeting ever held in Colorado, the occasion being a Citizens' Mass Meeting, in connection with labor troubles.

Mr. Standart is a member of several fraternal and social organizations; he is prominent in church matters, being a member of the Episcopal Church, and as such is devoting considerable time and energy to committee work in connection with the erection of an Episcopal Cathedral in Denver.

In spite of his many duties Mr. Standart is able to spend many hours in the company of his interesting family, for he is essentially a home man.

Committee on Credit Co-operation.

President Standart announces the appointment of the Committee on Credit Co-operation.

The Committee is as follows:

Marcus M. Marks, David Marks & Co., 687 Broadway, City, Chairman.

Chas. L. Bird, Brown, Durrell & Co., Boston, Mass.

Frank S. Evans, Strawbridge & Clothier, Philadelphia, Pa.

F. J. La Motte, Chesapeake Shoe Co., Baltimore, Md.

Samuel J. Kline, B. Kuppenheimer & Co., Chicago, Ill.

Legislative Committee Matters.

Chairman Ford reports that the work of his committee is progressing satisfactorily. Mr. Ford has received advices that bulk goods legislation will be asked for in the States of Florida, Pennsylvania, Ohio, Utah, Michigan, Kansas, North Carolina, West Virginia, Rhode Island and New Jersey.

In this connection the following decision from the Supreme Court of New York will be interesting.

A Special Term case decided by Mr. Justice Leventritt, Justice of the Supreme Court in the State of New York, holds the bulk law constitutional. His decision in full is as follows:

"Breck v. Scharf: I have decided to follow the current of authority in other jurisdictions holdings acts similar to chapter 538 of the laws of 1902, constitutional. (McDaniels v. J. J. Connolly Shoe Co., 71 Pac. Rep., 37; Neas v. Borches, 71 S. W. Rep., 70; John P. Squires & Co. v. Tellier, 185 Mass., 18.)

"I therefore direct judgment for the plaintiff."

The uniform bill of this Association was adopted by the Legislature of New York State.

Messrs. Given, Shaw, Jones and Danahey, representing the Pittsburgh Association, visited Philadelphia November 23d, where they were received by Messrs. Shoemaker, Rapp, Evans, Potter, Levy and Friend. The object of this visit was to arrange the campaign for bulk goods legislation in Pennsylvania, which will be actively carried on this winter by the

Associations in Philadelphia and Pittsburgh. Mr. Shoemaker, President of the Philadelphia Credit Men's Association, acted as Chairman of the Joint Committee.

After a lengthy discussion of the subject the Committee decided to district the State, Philadelphia taking charge of the eastern portion, while Pittsburgh will look after the western half.

All the manufacturers and merchants of Pennsylvania will be asked to support the movement, the outcome of which should not be in doubt. After the meeting adjourned the Pittsburgh delegation were lunched at the Belmont-Stratford.

You—and the Credit Men.

The results of first-class credit are something worth striving for, and when attained the achiever may feel just pride in the fact that he has the confidence of those with whom he deals. It should not be inferred, however, because one is in good credit standing that he is entitled to unlimited credit, nor that his honesty is called in question should the manufacturer, or jobber, place a limit on the amount he is willing the dealer should owe him. A good credit standing, properly used, is an acquisition of inestimable worth, but when abused it becomes distinctly detrimental to the abuser.

One may be absolutely honest and not be able to pay. It must be borne in mind that honesty alone will not pay debts. The fact that a dealer does not pay is no evidence that he is dishonest. It should be taken into consideration that one's ability to pay is, to an extent, a matter of perspicacity on the part of the seller. The well-meaning retail merchant always pays his bills promptly at maturity, if he does not discount them. Otherwise the manufacturer, or jobber, of whom he buys on credit, is really the one who bears the burden of the unpaid accounts of those who have no just claim on him, and in whom he has no interest. The manufacturers' or jobbers' rights are thus invaded and the credit of the dealer suffers.

There is an opinion, apparently prevalent among dealers, that the credit man of the big jobbing houses is one whose position does not allow him to maintain friendly relations with his customers. This is a mistake. Instead of the credit man being an enemy of the dealer or inclined to be suspicious in his dealings with the latter, he is the very best friend the retailer, who is asking credit, can have. The interests of the two are identical, and by reason of the large business experience in handling credits which the credit man has he is able to assist the dealer in his business. He not only desires that his collections shall be good, but he desires, especially, that all the customers of his establishment shall succeed, because his success depends upon that of his patrons. He has the strongest possible motive to use his very best endeavor to make the business of his firm's customers successful and profitable, and accordingly he is ever ready and willing to give the best advice on any matter presented. This credit man is not, as some seem to think, one who sits at his desk and wonders if every retailer in the country desires to "do" him, and is, therefore, always on the defensive. Instead, he is one who looks over the entire field in an effort to estimate the possibilities of success or failure that surround the retailer who applies for credit. He is your best friend, Mr. Retailer.

To obtain and maintain a good credit it is essential that the retailer, in addition to having capital, be it large or small, shall be honest, capable and industrious, and shall have a just appreciation of the rights of those from whom he seeks credit. If he possess these discriminating qualities he will have no trouble in obtaining all the credit that his business demands.

Failure is not likely to come to him who appreciates the value of good credit, and who takes the proper means of meriting and retaining it. This means that every retailer, jobber or manufacturer must keep his business well in hand. By that is meant that the details must be properly looked after, the stock well insured, expenses carefully guarded, debts kept within easy control and collections carefully looked after. There is, however, the danger which every merchant must guard against, not to overstep the bounds of prudence and load himself with debt for goods on his shelves in excess of the absolute requirements of his business, which inadvertence is likely to lead to effort—inspired by sales on credit—often injudicious, to establish other stores of the same character, which will only add to the burden, and probably lead to failure.—*Shoe Retailer.*

The Interdependence of the National and Local Associations.

AN ADDRESS DELIVERED BY F. W. STANDART, PRESIDENT NATIONAL ASSOCIATION OF CREDIT MEN, AT THE ANNUAL DINNER TENDERED BY THE CHICAGO CREDIT MEN'S ASSOCIATION, OCTOBER 24, 1904, TO THE OFFICERS AND DIRECTORS OF THE NATIONAL ASSOCIATION OF CREDIT MEN.

To determine whether any organization is entitled to the full support and loyalty of its members, it seems to me that we should consider:

First.—Is it organized for proper and needful purposes? And

Second.—Is it fulfilling its mission by carrying out successfully the purposes for which it was created?

The first convention of the National Association of Credit Men was held in Toledo in June, 1896. The constitution adopted at that time stated that it was organized for the purpose "of rendering more uniform and establishing more firmly the basis upon which credits in every branch of commercial enterprise may be founded, which shall include a demand for the reform of the laws unfavorable to honest debtors and creditors, and the enactment of laws beneficial to commerce throughout the several States; the improvement of existing methods for the diffusion of information, the gathering and dissemination of data in relation to the subject of credits; the amendment of business customs, whereby all commercial interests may be benefited and the welfare of all may be advanced; the provision of a fund for the protection of members against injustice and fraud, and such other objects as the members of the Association may determine upon."

It at once entered upon its work of improving the existing methods for the diffusion of information upon the subject of credits and solely as a result of this work local credit men's associations were organized until at the present time there are local associations in forty-two cities, that are affiliated with the national body, and they represent a membership of over 4,500. It has continued, during these years, to carry out the objects for which it was organized, and that it has achieved greater success in some directions than in others is to have been expected. It has asked the support of its organized and individual membership to carry on its work as it has felt that its purposes were of value to the business community at large as well as to the credit men who were its members.

The local associations have been growing and have become stronger and stronger. Some of them have established various bureaus, such as reporting bureaus, collection bureaus, and adjustment bureaus for the handling of bankrupt estates, and as the local bodies have grown in numbers and strength I have frequently heard the question asked, Why should strong local associations continue their membership in the National organization? Are they not able to sustain themselves inde-

pendently of it? And it is to these questions that I especially desire to call your attention this evening.

Membership in credit men's associations furnishes an opportunity for a business house and a credit man to receive benefits of two classes, direct and indirect. Without any effort on the part of the member, probably greater direct benefits are to be derived from the local bodies and greater indirect benefits from the National body, and yet these are so closely interwoven that it would be difficult to separate them, and the associations are so interdependent, I might say, that one could not long successfully exist without the other.

I cannot attempt to enumerate all that the National Association has done successfully, but in passing I must refer to its efforts in the matter of legislation for the benefit of honest debtors and creditors. Take the Bulk Sale Laws, which are now on the statute books of twenty-two States. Would these laws, beneficial alike to the business community, as creditors, and to the honest debtors of these States, have been enacted without the educational work and the insistent agitation upon this subject that the National body has carried on? I think not. The first law upon this subject was passed in Louisiana, and I give the New Orleans Association full credit for securing its passage, and also admit that the actual passage of similar laws in other States was ably advocated by, and passed with, the assistance of local associations of credit men in many of these States, but I still maintain that without the educational work conducted by the National Association and its fostering care, this movement would not have received the interest and attention it has.

Take the National Bankruptcy Act. Whatever may be our individual opinion upon the subject of a National bankruptcy law, whether we are in favor of one or whether we are opposed to one, we will all concede that the original act of 1898 had features obnoxious to us all. These were removed or modified by the amendments enacted in 1903, and who was responsible for the influence brought to bear upon Congress to enact these amendments? I maintain without fear of successful contradiction that the National Association of Credit Men was responsible for it.

If the value of the National Association were to be estimated from simply what has been accomplished in the matter of legislation alone, it has justified its existence.

As one looks back along association work for the past nine years he must concede that the gathering together of credit men begets co-operation and confidence, and that credit man who has taken advantage of the gatherings, whether they be at the meetings of the local bodies or at the National Conventions, has increased his value to his house. And what is responsible for these gatherings? I answer, the National Association is responsible as it started the educational agitation that resulted in the organization of the local associations.

Assume that a member will not attend any meetings at all and is so short-sighted that he does not care to form the acquaintance of other credit men. The National Association places in his hands the MONTHLY BULLETIN, and no credit man can read any single issue of that publication without deriving some benefit or receiving some suggestion that will aid him in his work. This publication serves as a clearing house for ideas, I might say, between credit men.

If the National body were disbanded, we would still have the various local associations who could continue the work that they have laid out for themselves, but how long would they last? A year or two would see all out of existence excepting those few who might be operating some bureau that would be regarded of direct value. You ask, Why would these local associations disband? I answer, because they are so largely dependent upon the National body by reason of the educational work it

carrying on; because it is the central controlling force that is back of the entire movement.

Has not the position of the credit man changed in the past nine years? Has not his work become more elevated, more systematized, more respected and more highly valued? You hear it sometimes called a new profession.

The associating together of credit men in one central body has formed a medium for the interchange of ideas.

The credit man's position is hard enough at best. He has worries enough, and cares enough, and responsibility enough, and if he is not careful he gets into a rut instead of advancing and learning all he can to assist him in his work. He simply sits still and drifts along. Before long he will find the credit man of some competing house outstripping him and will find he has more failures, as he is not up to date in obtaining his information and handling his department. One way for him to keep up to date is to keep in the closest touch with the credit men of his own city—cultivate their acquaintance, obtain their confidence and always treat them honestly and squarely. Cultivate the acquaintance of credit men in other cities, which he can do through the National Association conventions, and he will be surprised at the character of the information he obtains from them when inquiring about an account in which they both may be interested.

In government the local bodies are absolutely independent of each other, and, for that matter, of the National body, but the local and National Associations are one in purpose, have the same aims and are striving to attain the same end. They are united together by their aims and purpose, and in that unity there is strength—a strength that neither would have alone. The National is the one that carries on the educational feature by the gathering and dissemination of data upon the subject of credits. Through it the entire system is cemented into a homogeneous whole, and if it were permitted to disintegrate in any particular the entire system would weaken at once. It is like a large building. The National Association is the foundation, the local associations are the superstructure. Remove the foundation and the entire structure would fall.

The time at my disposal will not permit me to make an exhaustive argument upon this question. I can only present to you a few old thoughts with the hope that you may look at them from a new angle of vision and ask you to give them your thoughtful and careful consideration, and I believe if you will give them careful consideration you will come to the conclusion that I have reached; that the National and local associations are absolutely interdependent and neither can reach its full measure of usefulness without the other and that the National Association is entitled to your full and loyal support.

Errors and Omissions.

In the Annual Membership List the Commercial Credit Co. of Grand Rapids, Michigan, should appear under the classification of "Commercial Agencies."

The Yawman & Erbe Mfg. Co., Rochester, N. Y., are classified in the Membership List under "Metal Specialties," which is incorrect, the proper classification being, "Letter Files and Office Appliances."

The name of Wadsworth, Howland Co., of Chicago, Ill., was inadvertently omitted from the Annual Membership List.

The Brazilian Blend Coffee Company, Youngstown, Ohio, is represented in the Youngstown Credit Men's Association by Geo. F. Gairing, whose name is printed in the Membership List as Geo. T. Gaising.

The Membership List contains the name of S. H. Kirchberger as representing M. Born & Co., Chicago, Illinois. This should be corrected to read W. A. Kirchberger.

The Wm. Barie Dry Goods Company, Saginaw, Michigan, are represented in this Association by Mr. Chas. H. Smith.

Report of Committee on Credits.

NATIONAL ASSOCIATION OF AGRICULTURAL IMPLEMENT AND VEHICLE MANUFACTURERS.

The committee congratulates the membership upon the continuance of healthy and prosperous financial conditions among the agricultural implement and vehicle dealers and their customers, the farmers of the United States. During the year under review the returns from agriculture have continued highly profitable to the farmers, and as a consequence the dealers and manufacturers have encountered conditions favorable to credits and collections.

The exceptions have been so few as to prove the rule. The farmers of the United States are constantly calling for more and better goods, while at the same time the enterprise of manufacturers and dealers in catering to and anticipating the improvements in design and quality of implements and vehicles required by the most progressive and prosperous farmers on the globe has proven advantageous alike to manufacturers, dealers and consumers.

The executive committee, to whom was referred the suggestion in a previous report of this committee as to the advisability of establishing some form of bureau of credits under directions of this association decided, and we think wisely, that such was neither practicable nor advisable. Some of the members of the association suggest that this committee should do something towards shortening the time on which implements and vehicles are sold. We think the best way to achieve this end is for each manufacturer to make goods of such merit and individuality of style as will enable him to market them upon reasonable terms. The committee recommends the use of a uniform blank for the interchange of trade information, such blank to be similar to that adopted by the National Association of Credit Men (of which a sample is hereto annexed) and which should be lettered "We Are Members of the National Association of Agricultural Implement and Vehicle Manufacturers."

We recommend that in order to do full justice to meritorious men our members invariably make careful inquiry as to the records of applicants for positions as salesmen and that our members make entirely candid reports to each other as to the merits or demerits of salesmen inquired about. The influence of the salesman in the departments of credits and prices is of such well-known importance as to require no argument.

The committee call attention to the fact that while the general conditions of the country and of the implement and vehicle trades is quite satisfactory in the department of credits, a continuation of the prudent, conservative and reasonable course now being pursued by practically all reputable houses in these trades is necessary to promote a continuance of sound credit conditions.

Items of Interest.

The Lincoln Credit Men's Association contemplates opening a Bureau for the exchange of "Credit Information."

Omaha business men will profit from the establishment of a Prosecution Bureau by the Credit Men's Association of Omaha. When last reported \$8,000 had been subscribed to the guarantee fund.

"General Coxe," of Coxe's Army fame, is reported as having filed a petition for a discharge in bankruptcy. "Thus hath the mighty fallen."

The Spectator Company publishes a chart indicating the form of fire insurance policies issued by fire insurance companies in each State. The chart contains much information of value, and can be had from this office at one dollar a copy.

In the case of Martin v. Dunkle, heard recently in Denver, Colo., before County Court Judge Johnston, the Bulk Goods Law of Colorado was sustained and the defendant was ordered to turn over to the creditors the assets in his possession.

Credit Co-operation as Conducted by the Louisville Credit Men's Association.

BY R. RUTHENBERG, SECRETARY-TREASURER.

The exchange of credit information has recently become the subject of wide and earnest discussion among credit men.

The importance of the actual experience with accounts has been dwelt upon from time to time by very many of the fraternity, and some means for attaining this result has been desired which would eliminate many of the disadvantages of the methods heretofore employed.

One great disadvantage with all of the former methods was the great delay incident to obtaining and compiling this information, or the age of the matter obtained without a new investigation. These disadvantages are overcome by the method in vogue with the Louisville Credit Men's Association.

This Association has inaugurated and developed a system of experience reports which seems to pretty well cover the field.

At the office of the Louisville Association, a clerk is in charge of an extensible card index, which now contains probably as many as 100,000 names and addresses of merchants in various lines, who have bought goods in the Louisville Market.

Upon the card containing the name and address of the merchant, are placed the numbers used to designate the various firms who are members of the Association.

Each member has a "key" by which he can tell at a glance what house is meant by any number received.

The process is now very simple indeed.

The house receiving an order upon which they desire the experience of their fellow-members, writes the customer's name and address upon the sheet herewith illustrated, and sends it to the Association office. The clerk in charge adds the inquirer's number to the ones already under the customer's name, if not there before, and gives him the numbers upon the card.

No. **INQUIRY TICKET**

Louisville Credit Men's Association,

INCORPORATED
Room No. 206 Union National Bank Building.

Please furnish us Louisville reference on names below.

-All lists must be furnished in Duplicate.

See Article No. 3, Rules governing Tabulation

USE TYPEWRITER IF POSSIBLE.

He then makes the usual trade inquiry of the members whose numbers he gets, and the trick is done.

The results obtained are frequently surprising. They are —

First.—He ascertains from whom the customer buys.

Second.—Having the information thus obtained, he gets the various experiences of people he knows, with the account.

Third.—This information is up to the moment of inquiry.

A member of the Louisville Association a few days ago had an order from a new customer, whom they found rated G3 in Dun's, and O. K'd the order upon the strength of the rating.

However, as they are zealous supporters of the Association, they turned in the name of the new customer to the Association and were surprised to find the number of houses in Louisville from whom the new party bought goods. They inquired and found the customer "chronically slow pay," "accounts in lawyers' hands for collection," etc., etc.

Their credit man told the writer of this incident and said he never came closer to making a claim under his accident insurance than when he nearly broke his neck to catch that order before shipment was made.

This is one side of the matter and serves as a fair illustration.

When a buyer gives references to houses from which he has been buying he naturally would not choose the ones whose experience was unfavorable, but those are the ones we want to know of, and through our method we get them.

Now for the other side.

We frequently, as the writer knows from many personal experiences, receive orders from merchants not rated, or rated very small; the information obtainable through the regular channels is too meager to be of value; the order is to be shipped at once (or sooner).

A member of our system under these conditions makes inquiry as above, and if he obtains, as often happens, the numbers of houses selling him the principal lines and finds their experience all favorable, he is pretty safe in shipping.

Thus is saved a possible valuable and growing account, which might otherwise be lost through the delay incident to "usual investigation."

A house in Columbus, O., made thirteen inquiries in one mail of the Louisville Association under the courtesy recently extended by that organization, inviting other trade centers to participate in their exchange.

The results obtained were as follows:

1	inquiry received 10 numbers.
1	" " 5 "
1	" " 4 "
1	" " 3 "
1	" " 2 "
3	" " 1 "
5	" " 0 "
13	25

The Louisville Association feels so confident of the merits of their method that they invite the co-operation of other credit centers.

A list of members could be mutually exchanged and the numbers of members selling a given customer be furnished upon application.

That would be all that would be required to effect this result.

The secretary of the Louisville Association will take pleasure in answering any questions regarding the matter.

Personal.

Mr. D. H. Brown, Chairman of the Membership Committee of the Grand Rapids Credit Men's Association, was in New York recently and called at the central office.

It will be a note of interest to the many acquaintances and friends of David S. Ludlum, credit man for the C. M. Allen Co., to learn that he has accepted a position with the Philadelphia National Bank.

The Gospel of Reciprocal Reports.

BY W. A. GIVEN, PRESIDENT OF THE PITTSBURGH CREDIT MEN'S ASSOCIATION.

Credit men are exercising their thoughts along many lines these days; not only do they consider improvement in the ordinary matters of daily duty, but their ambitions rise to legislative enactments, and so they are wisely concentrating their forces for the purpose of securing laws regulating the sales of stocks in bulk. Their aspirations also go out toward the ideal prosecution bureau with a large fund at its command to halt the steps of the dishonest and the swindler.

These objects are worthy of the best efforts of credit men. They should by no means be neglected, but should be supported to the best of their ability and with their full moral and financial strength. But, after all, these are only efforts to correct errors which credit men have made in extending credit to parties unworthy of the confidence.

What the credit man most needs is a better knowledge of his accounts. What the credit man most needs is that which will help him to be a success in his profession; that which will assist him in discriminating between the good and the bad risks which are daily presented to him.

In a word, what the credit man needs most of all is that which will assist him in increasing the volume of business for his house, at the same decreasing its losses from bad accounts to the minimum. The credit man who can do that is a success, and anything which will help him to that desired point is to him a blessing.

How can the credit man be so equipped?

Can he intuitively distinguish the good from the bad by some mystic, or secret spring of knowledge inherent in himself?

Some will claim that this can be done.

We will admit that there is a difference in the ability of men—even of credit men—and some are undoubtedly better qualified by their personality to decide upon credit risks than are others. But that is owing to the exercise of better judgment, based on the facts at hand.

I do not believe many successful credit men will attribute their success solely to intuition.

I must say that my own experience has been opposed to this idea.

Those of whom I thought well, and felt sure were O. K., have often turned out to be undesirable, while on the other hand many times have I felt like declining an account on first sight, when afterward the facts showed the party to be in every way worthy of credit.

If not by intuition, how can the credit man be best fitted for his work?

Will it be by consulting the books of rating and the special reports of commercial agencies?

The credit man should certainly be conversant with what the agencies say of his customer. He should consult all the special reports he can get, but he will often find such reports differing considerably, and the estimate offered in the ratings in different agencies are often widely at variance. How then shall he decide which is correct?

I have often found that parties enjoying a good rating proved to be poor payers, and on the contrary others not thought worthy of a rating by the agencies have proved to be the best of customers, so if the credit man relies entirely on the agencies he is likely to make frequent mistakes.

Shall the credit man base his faith on a signed statement made by the applicant for credit?

Such a statement is much to be desired, and should be secured from new and old customers as opportunity offers, especially is a statement desirable when opening a new account. It can be verified by proper refer-

ences and records, and from it a very good idea can be formed of the standing of the party, and what the creditor can reasonably expect.

Statements, however, are not an infallible test of a man's standing. Certainly a bad statement must be taken for what it shows, the man will not make it worse than it should be, and the credit man who passes a credit on a bad statement is not worthy of his position.

But we have seen comparatively good statements which, after all, did not reflect the true credit standing of the maker.

Is there, then, no satisfactory test by which the credit man may be reasonably sure of what he is doing when he passes or rejects an account? Or must he take such information as is at hand and try to be as good a guesser as possible?

Twenty years ago, yes, ten years back, I should have been obliged to answer there is no other way; but now, thanks to this age of progress, which has produced the National Association of Credit Men and kindred organizations, which have been the means of uniting credit and business interests, and eliminating much of the jealousy formerly existing, I am enabled to answer in the affirmative—there is a way by which the credit man may be reasonably sure of the correctness of his judgment in passing or rejecting an account, and that is, by exchanging his experience, his ledger facts, with others and basing his judgment on the consensus of facts shown by the ledgers of all concerned.

This is the Gospel of reciprocal reports, and it is most beneficial to all concerned in the transaction, for it *blesses not only him who receives, but also him who gives*; yes, and it also blesses him who is the subject thereof.

My first proposition in favor of the reciprocal report is, that it blesses him who receives. The truth of this statement seems so apparent as to need no argument, and yet, considering the fact that some business houses and credit men still neglect to avail themselves of the assistance of this invaluable adjunct in their credit work, prompts me, at the risk of having my remarks considered superfluous or antiquated, to rehearse some of the advantages belonging to him who asks for and receives a reciprocal report.

The exchange of ledger experience blesses him who receives, for he has the facts from the ledgers of those who have had actual experience in crediting the party inquired about.

From this report he will learn the lines of credit granted by others; he will learn whether the party is using these lines to the fullest extent or perhaps seeking to increase them unduly, by placing excessive orders all around, in other words whether there is a disposition to "load up."

From this report he will learn how payments are made, and that is after all the true touchstone of credits. "Cash talks," and the man who habitually pays his bills promptly is the desirable customer. He may be, in the last analysis, good—in the possession of real estate, stocks, etc.—and thus enjoy high ratings, but if he has not capital sufficient in his business to pay promptly he cannot be classed as desirable, for in these days of small margins the wholesaler must turn his capital rapidly to make his investment profitable, and he cannot usually afford to tie up his capital in slow accounts, even if satisfied that they will eventually pay.

From the reciprocal report the credit man will learn whether the applicant for credit is straight in his settlements or whether he makes unjust claims of shortages, overcharges or takes excessive discount, and thus he will know how to treat such claims when made.

From all these facts shown by the reciprocal report the credit man should have no trouble in deciding whether the risk is desirable or not. Of course some judgment is necessary on the part of the credit man as to how to use trade reports or ledger experience when it is before him.

Some who assert that the successful credit man will rely largely on his intuition claim that if he does not do so, but bases his decisions upon facts, he is a mere machine and that any one could fill his position. Nothing could be farther from the truth than such an assertion.

After the credit man has all the facts before him; the business statement, the agency reports and the ledger experiences, there is still ample room for the exercise of a mature and experienced judgment.

The ships may be good, the guns true, and the ammunition of the best, but after all it is "the man behind the gun" that counts.

Nevertheless the man behind the gun is helpless when his ammunition gives out. So the credit man may fall through lack of proper information or by inability to properly use what he has.

But the up-to-date credit man will properly size up the ledger facts shown by the reciprocal report, and it will be a blessing to him, for if it shows a good, healthy condition existing, he will seek to increase his business with *this* customer, and *that* customer, and thus in the aggregate build up the volume of his business on a sound basis. On the other hand, if the report shows a chronic slow condition or worse, he will not accept the risk, *good ratings to the contrary notwithstanding*, and thus he will be blessed by eliminating a probable increase in his loss account.

My second proposition is that an exchange of ledger experience blesses him who gives.

It is comparatively easy to assent to the proposition that such a report benefits the one receiving it, but it seems to be much more difficult for some to see that it is also beneficial to those who give their information.

Does not the one who gives the facts from his ledger deliberately put into the hands of his competitor a weapon that will operate against himself?

If he simply gives his information to some reporter to incorporate in a trade report that might be true, but we are not considering such trade reports, we are considering the reciprocal report or exchange of experience.

An old proverb says "A fair exchange is no robbery," and we believe that to be true in the case of the man who exchanges his experience, for he gets an equivalent.

If the exchange is made through the medium of an agency or bureau which will furnish a copy of the report to each contributor, he gets more than an equivalent for the equivalent is multiplied as many times as there are contributors.

We all know how easy it is for us to overlook the standing of an old customer, whose account is satisfactory and yet, unknown to us, that very person may be drifting into hard lines and we might not know it until too late; but along comes a reciprocal inquiry; we answer it and get in return the consensus of facts from the ledgers of all having sold the party—our eyes are opened, and we see the necessity of caution if we would not make a loss.

Or, if the report is good, it may call our attention to the fact that we are not getting our share of his patronage, and thus we are awakened to the necessity of looking after his trade more carefully.

And in speaking of reciprocal reports it should be remembered that each man who gives also receives. In any event the reciprocal report blesses him who gives.

I had a third proposition which I will consider briefly; namely, that the reciprocal report blesses him who is the subject thereof.

Perhaps this will not be as apparent as my other points, but I believe it is nevertheless true.

The more a man is inquired about the better known he becomes. If

he is in good standing, pays his bills promptly and makes no unjust claim, the reciprocal report will do him a good that could come to him in no other way.

It will strengthen his standing with all his creditors, and place him in line for the best terms and prices.

But how about the man who is slow, who does not abide by the terms or who is always claiming?

To such a one the reciprocal report may be a blessing in disguise. If the man has not already been much reported on, it will certainly have the effect of curtailing his credit—and that will be a good thing.

If he is really in bad shape—hopelessly insolvent—it is only a matter of time in any event until he fails.

But, if perfectly solvent, but fallen into a chronic slow condition, a severe curtailing of credit should be his salvation. If he is any good at all he will soon find out that he must rearrange his business on lines that will build up his credit instead of ruining it.

I have seen many a man thus deprived of credit turn over a new leaf—so to speak—and finally become absolutely good; whereas if he had been allowed to run along in his former course, there would certainly have been a failure.

I therefore claim that even for the slow payer the reciprocal report is an advantage.

I will now consider a few of the objections to this class of reports.

- 1st. It is not available when the credit applicant is a new beginner. In such cases an exhibit of resources properly verified should be sufficient at the outset. Subsequent transactions can and should be tested by a reciprocal report which will then be available.

- 2nd. This class of reports entails a great deal of extra work in the office. It certainly does require work, but I would not call it extra work. To me it seems as much a part of the legitimate work of the office, and as necessary as posting, statements, or any other item, and I feel that the time and work expended in this way are as amply repaid as that of any other line.

Those whose duty it is to answer these inquiries should not be allowed to sidetrack or pigeonhole them, but should be required to answer promptly and fully as a matter involving the interests, not so much of the inquiree as of his own house.

In conclusion allow me to suggest that if the reciprocal report is a good thing we ought all to use it. If it is a blessing among the limited number who are using it, how much greater would be its beneficial effects when extended to the many?

Since failures are largely the result of overbuying on the one hand and of injudicious crediting and over crediting by merchants ignorant of the facts on the other hand, and since the reciprocal report, by showing up such a condition, will largely prevent its continuance, why, if it were to join in a reciprocal reporting system, should not failures be practically eliminated?

Gentlemen, this is a consummation devoutly to be wished.

That all wholesalers be united heart to heart and hand to hand for the good of all, in one great bureau of exchange, that, gentlemen, is the ideal hoped for by believers in the gospel of reciprocal reports, and although ideal, it is nevertheless certain of realization, for it is no visionary thought—it is in the air, you can feel it coming—it is constantly spreading and it is bound, sooner or later, to reach fulfillment.

It is for us, the credit men of the present, to anticipate the credit future by pushing along and never retarding the wheels of progress, and may we all realize that the credit man's highest ideal is only reached when in helping himself, he also helps others.

The Development of Business in the Middle West.

ADDRESS DELIVERED BY F. A. SCOTT, SECRETARY CLEVELAND CHAMBER OF COMMERCE AT A MEETING OF THE CLEVELAND CREDIT MEN'S ASSOCIATION, OCTOBER 29, 1904.

Great changes have been wrought in business by modern means of transportation and communication. Fifty years ago it was possible for the large manufacturer and merchant of the period to be in personal contact with the majority of his customers. The retail merchant visited the wholesaler and the wholesale merchant visited the manufacturer to purchase stocks. With the development of business the salesman was placed upon the road; the producer lost much of his personal touch with the consumer, and the credit man became a necessary part of the machinery of business. The credit man, therefore, is the product of that great development in business which has been made possible by the steamboat, the railroad and the telegraph.

When the steam engine was developed early in the 18th century, the governor, as we know it now, was unknown. Later a valve was introduced which was regulated by a man or boy who watched it constantly. It is a matter of history that the governor was invented by a boy employed to regulate this valve, who conceived the idea of lightening his labor by making the valve work automatically.

Trade and commerce are as old as the world. But it took centuries to develop the engine of trade to a degree of efficiency where its governor, the credit man, works automatically. Now, we may say, that he does so. With agency reports and rating books; with card systems and the exchange of experiences, through organization and co-operation, the credit man has a control of the credit valve on the business engine that is fairly automatic.

The credit man occupies a position of dignity and power in the business world. He is a necessary factor in this high tension age. The retailer and the wholesaler no longer take pride in warehouses filled to bursting with goods. Small orders, quickly filled and promptly delivered are the rule. Speed in all departments is accepted as an ordinary thing, no longer worthy of extended comment.

This is the condition produced by the improvement of transportation facilities and the means of communication. It is a condition which has arisen within the lifetime of men still well under their allotted term of three score years and ten.

In 1850 the State of Ohio had 299 miles of railroad; Indiana had 85; Illinois 22; Michigan 344; Wisconsin none. In the same year the entire population of Wisconsin was 305,000, or less than the single City of Milwaukee to-day; Illinois had 851,470, or less than half the present population of Chicago; Michigan had 397,654, a few more people than the last enumeration gave Detroit; Indiana had 988,000 and Ohio 1,080,000.

The total number of manufacturing establishments in the Central States at this time was less than twenty-five thousand, and the capital invested about sixty-three millions of dollars.

Here were business conditions that did not require the credit man as we know him. Goods were being ordered by the merchant from the manufacturer or the wholesaler in person. Freight was being delivered by boat or by wagon more frequently than by railroad. The mail was used instead of the telegraph and telephone. A year's stock was being purchased at a time, and speed in completing the transaction was one of its least important features.

Now glance at the changes of fifty years. In 1899 Ohio had 8,821 miles of railroad and its population had more than doubled, reaching 4,157,000. Indiana had 6,439 miles and a population of 2,516,000; Illinois

10,872 miles of railroad and 4,821,000 people; Michigan 8,097 miles of railroad and a population of 2,420,000, and Wisconsin from no railroad mileage at all and 305,000 people had advanced to 6,483 miles of railroad and a population of 2,069,000.

The canal around the falls of the St. Mary's River was opened in 1855. That year, the freight carried through this canal amounted to 14,503 tons. In 1901 the tonnage through this canal was more than 52,000,000 tons.

In 1855 a cargo of iron ore consisted of 130 tons, and several days to unload it was regarded as a reasonable time. To-day a steamer plies these Lakes carrying 10,000 tons, and unloading machinery stands on the docks capable of unloading this cargo in less than six hours.

The freight car of 1855 was of ten tons' capacity, while the top locomotive of the period was equal to a load of forty of these cars. To-day our great freight engines haul seventy-five cars, each with a capacity of fifty tons. The coal loading machines that stand upon the water front of more than one of our Lake towns pick up one of these cars and empty its contents into the hold of the waiting vessel in less than three minutes.

In 1850 the Cleveland merchant, visiting New York to purchase goods, placed in other hands his business for two weeks or more, took advantage of stage or steamboat to Buffalo, of canal boat or slow moving railroad coach to Albany, and thence to New York by steamboat, in all a journey of six days. To-day the business man may eat in leisure his six o'clock dinner, pack his grip, and taking the train, awake in season for breakfast, and at the end of the meal be at his destination with a whole day for business ahead of him. At the end of the day he may retire and in the morning be at home ready for work, after an absence of a single day.

The manufacturing establishments in the Central States to-day number 166,500 and the capital invested has grown from less than sixty-three millions of dollars to over two billion, seven hundred and fifty millions of dollars.

What has been the effect of these giant strides of progress upon the business world? What effect have they had upon that department which particularly interests the credit man?

Competition is keener; decisions must be reached more quickly; there is a tendency to overreach; to undertake more than can be accomplished without too great risk. The conservatism of the credit man here begins to play its most important part. His motive is not alone to save his house from loss. He has a broader interest. He makes the interest of the customer his own. He is familiar with business economics, and recognizes that the losses created by the dishonest or incompetent consumer must be met by the consumer who pays his bills. He, therefore, acts as a corrective force to prevent wild buying; to inject a suggestion of common sense into headlong enthusiasm. He is not without optimism, but his is not the kind that recognizes no difficulties and takes the gambler's chance.

This is an age of co-operation, and the credit man is in harmony with the spirit of the times. In every considerable town he is one of the organized elements of the community. His organizations are progressive. He is the very antithesis of the miser hiding in his closet, counting his hoarded gold. The credit man is out in the open. He is alert. He observes the signs of the times. He recognizes his responsibility, but it does not overpower him. He is one of the brave, confident, efficient, and, therefore, one of the heroic figures in the business world.

Long life to the credit man! He is the governor on the business engine. Without him, the great machine of business could not be operated, and twentieth-century merchandising would descend to the limited and time consuming methods of the past.

Adjustment Bureaus.

In the November issue of the BULLETIN there was published a report showing the operation of the Adjustment Bureau conducted by the Denver Credit Men's Association. The interest displayed by our members in this report caused us to investigate other Adjustment Bureaus of which information had reached us. In answer to our inquiries reports have been received from the Credit Association of San Diego, The Wholesalers' Board of Trade, Los Angeles, Cal., The Merchants Protective Association, Seattle, Washington, and The Spokane Jobbers' Association, Spokane, Washington.

CREDIT ASSOCIATION OF SAN DIEGO.

Mr. Sam Ferry Smith, Secretary of the Credit Association of San Diego, reports as follows:

"Our custom of handling accounts and the administration of bankrupt estates is like this: As soon as any action is necessary on the part of any claim, all claims due members of the Association are called in and a meeting of the creditors is called. A committee of two or three of the largest creditors is appointed as a committee to handle the matter, and this committee makes such arrangements for the collection of the account and the handling of the estate as they may deem proper and adequate in the premises, sometimes by the appointment of a trustee, sometimes by suit, sometimes bankruptcy proceedings, just as the requirements of the individual case call for. We have no forms because every case is handled in a different manner and the papers are prepared at the time to cover the particular case. We always try if possible to avoid court proceedings, and select a trustee from the creditors who serves without compensation."

WHOLESALE BOARD OF TRADE, LOS ANGELES.

Mr. W. C. Mushet, Secretary of the Wholesalers' Board of Trade, Los Angeles, California, who is also Secretary of the Los Angeles Credit Men's Association, writes regarding the adjustment plan of the first-named Association, as follows:

"I would state for your information that the Wholesalers' Board of Trade, of this city, is an organization formed by the wholesale merchants for their common benefit and protection in all matters affecting credits. Cases which are reported to the Association are first investigated by the Secretary, who obtains all the information he can from both the creditors and the debtor. A meeting of the creditors is then called, at which time the information gathered by the Secretary is placed before the meeting, the creditors deciding what action shall be taken. At the same meeting a committee, either of three or five creditors, is appointed, which committee has direct supervision over the management of the estate and directs any settlement or adjustment which may be made. The committee has power to grant extensions, take assignments, and where attachments or other action is taken by creditors outside the Association the committee has the necessary power to protect its members. The committee meets from time to time for the purpose of receiving reports and considering any proposition which may come before it in connection with the estate they are handling. In this way bankruptcy is often avoided and the expenses are reduced to a minimum. Without such an organization twenty merchants might be acting separately, and instead of one set of expenses twenty sets of expenses would be incurred, and settlements would have to be made more generally through the bankruptcy court than they are

at present. Our merchants find that this feature alone saves them many thousands of dollars a year.

"The Secretary is elected trustee in bankruptcy cases, and these cases are handled under the direction of a committee of the creditors in a manner similar to that under a voluntary assignment."

MERCHANTS PROTECTIVE ASSOCIATION, SEATTLE.

Mr. I. H. Jennings, Assistant Secretary of the Merchants Protective Association, writes:

"We have found this work to be of great advantage to creditors, for we are able in a great many cases to make settlement out of court, and conserve the assets which would otherwise be dissipated in Court expenses. The usual form of handling such matters is by bill of sale, in trust to the Association, for the benefit of all creditors, and if the insolvent refuses to make such a transfer without creditors assenting to a release or discharge of indebtedness such as he would obtain in bankruptcy proceedings, we endeavor to obtain the assent of creditors if it is apparent from the situation that the insolvent could obtain such discharge if he filed a petition in bankruptcy. The expense of handling these matters will average about 10 per cent. of the value of the assets realized upon and the proportion received by creditors will average about 40 per cent. on their claims. In this way a settlement is effected out of court. It frequently happens, however, that the situation is such that proceedings in bankruptcy are unavoidable, or may even be desirable if any question of fraud is involved and an investigation desired to secure information which a trustee out of court could not obtain."

SPOKANE JOBBERS' ASSOCIATION.

The Spokane Jobbers' Association, through their Secretary, Mr. J. B. Campbell, furnishes this report:

"The principal business of our Association is the handling of accounts and the administration of estates, whether they are bankrupt or in need of an extension. And although we have pursued this plan for only a year we are highly gratified by the showing made. Our plan is as follows:

"Upon receipt of a report I call upon the party reported, and make a thorough investigation of his affairs, and gather such other information as I can regarding his financial condition. If I find that he is being pressed, or that he is a bankrupt, or that he is insolvent, I call a meeting of the members of the Association who are interested, and lay the facts which I have gathered before them. If the party is insolvent I am usually instructed by the committee to obtain an assignment to me as trustee, for the benefit of all creditors. Under the law of our State such an assignment creates a trust which does not come within the State Insolvency Law, and keeps the matter out of court. If such an assignment is obtained I take charge of and keep the business going until it is decided to wind the estate up. In conducting such a business prices are maintained so that business men have no reason to complain of price-cutting. As a rule a sufficient profit is realized from the goods sold to pay the entire expenses of handling the assignment. Accounts are collected in as promptly as possible, and as a result of our operations members of our Association have realized at least 37½ per cent. more than could have been had from the estate either through state or bankruptcy courts. In case the debtor attempts to prefer any creditor the case is at once taken to the Bankruptcy Courts. It is our policy to build up in this territory the reputation of handling these matters with small expense and for the benefit of the creditors. It is also our policy to show the jobbers doing business in this

territory that we will not permit a preference under any circumstances, but shall expect them, whether members of the Association or not, to share alike in the assets of the insolvent estate. For handling the estate, as Trustee, we do not charge the estate for our services, but when a dividend is declared we deduct 2 per cent. from the amount paid our members, and 5 per cent. from the amount paid to creditors outside the Association.

"At our annual meeting to be held December 12 the question of affiliation with the National Association of Credit Men will be discussed."

J. B. CAMPBELL.

SYNOPSIS OF BYLAWS.

A synopsis of the by-laws of the Spokane Jobbers' Association may interest our members. Any individual, firm or corporation doing a jobbing business in the city of Spokane is eligible to membership. The dues are five dollars per month, payable in advance. The Board of Trustees consists of seven members elected annually. The Trustees elect from their Board a president, vice-president, secretary and treasurer, who have general supervision and management of the affairs of the corporation. Each person becoming a member shall consent to and agree to abide by the by-laws and such rules and regulations as the Board of Trustees may adopt for the government of the corporation. Sixty days' notice must be given where members desire to withdraw from the Association.

MEMBER'S AGREEMENT.

Each member shall subscribe to the following agreement before he can become a member of this corporation, or be entitled to have any business done by it:

We do mutually covenant and agree with one another and with each other that we will not in any case resort to any act device, secret understanding, connivance or collusion whereby we may obtain, claim or seek to obtain any preference or advantage over each other or against any member of this corporation, in the collection or settlement of any of our claims or demands against a common debtor or debtors; and that any securities or security given for a pre-existing indebtedness by way of chattel mortgage, sale, assignment or transfer of any stock of trade or part thereof, or of assignment of insurance policy or policies upon the same, either directly or indirectly, by a common debtor or debtors to any member of the corporation shall be held and deemed to be for the benefit of all the creditors (members of this corporation) in proportion to their claims existing at the time the securities hereinbefore mentioned were given or received. And we further mutually covenant and agree each with the other and with all, that in case the committee of investigation recommend that no settlement be made with the debtor or debtors, that under no circumstances will we compromise with such debtor or debtors, but will take or cause to be taken the most speedy and effectual means to close up and realize upon the property of such debtor or debtors, and all attachments levied or judgments obtained, shall be for the benefit of all members of this corporation. In the event of any of the members of this corporation violating the above agreement, the board shall at once investigate the same, and if the member be found guilty he shall be immediately expelled from the corporation, the Board of Trustees having that power.

CREDITOR'S CALL FOR A MEETING.

Any member upon application to the President or Secretary may have a meeting called of the members of this corporation, who are creditors of a common debtor, and devising joint action for the protection of said

creditors, and taking such joint proceedings as may be advisable under the circumstances; but no compromise shall be entertained or granted unless such debtor first complies with Article XXII of those by-laws, and all cases must be brought to the notice of the Secretary, and must be acted upon in their order.

AUDITING COMMITTEE.

That the three largest creditors in each case shall be and act as an auditing committee, and shall have power to control all expenses of every nature pertaining to the case; they shall audit all bills, and authorize the Secretary to distribute funds on hand, and finally dismiss it from further consideration. Any dispute between members or others interested as creditors in any case, as to the propriety, character or amount of charges or expenses shall be decided by this committee and its action shall be final and binding on all parties.

EXPENSES OF EXAMINATION.

All expenses incurred in the examination of any case shall be paid out of the first moneys received from the recoveries in each case; but in the event of no recovery being made, *pro rata* in proportion to the size of their claims, against the creditors interested. When a final dividend is made a copy of the entire expense account and costs paid out in the case shall be attached to the dividend sheet, and filed with the papers in the case.

REPORT OF ADJUSTERS.

The report of every adjuster sent from this office for the purpose of investigating failures, etc., shall be made in writing and filed with the records in the office.

DISBURSEMENTS.

All moneys paid to the Secretary for the costs in any action by a creditor or a committee of creditors shall appear on the minutes of such case. A detailed statement of the disbursements of such money shall be entered on the minutes of such case, and a copy furnished the creditor or committee of creditors making such advances.

NOTICE OF SUITS AND ATTACHMENTS.

- a. Any member of this Association attaching a common debtor shall notify the Secretary as soon as possible of such attachment.
- b. Should any debtor be attached by any one or more of the members of this Association, such attachment shall be for the mutual benefit of all creditors, members of this Association.
- c. It shall be the duty of members to notify the Secretary of any information obtained of the suing, failure or attaching of a common debtor by any creditor, whether a member of this Association or not.
- d. The Secretary shall record the same in a book kept for that purpose. Such book shall be open at all times for the inspection of members.
- e. It shall be the duty of the Secretary to notify all the members of such suit, attachment or failure immediately after filing such notice.
- f. Members having claims against such debtor shall immediately file their claim with the Secretary, and take such other action as may be necessary to assist and co-operate with the creditors bringing suit or attachment.
- g. Should any creditor or creditors (members of this Association) neglect or refuse to file his or their claim (within two days) after receiving notice, such creditor or creditors shall be debarred from participating in any benefits arising from such suit or attachment.

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OBLIGATION OF MEMBER SECURING INDEBTEDNESS.

Any member sending out an attorney or other person to secure or collect an indebtedness due from a common debtor or debtors of other members and for the purpose of getting such security or payment, makes out or causes to be made out, papers for attachment or suit, shall be deemed to be acting for all members of this corporation as set out in these by-laws, and shall be governed thereby, and in such case, in event of payment being made, or security given, such payment or security shall be forthwith turned over to the Secretary, and all members, creditors of such debtor or debtors, shall share *pro rata* therein.

DEDUCTION FROM DISBURSEMENTS.

The Secretary shall deduct from each and all disbursements made to members the sum of 2 per cent., and from all disbursements made to non-members the sum of 5 per cent. as charges on the same, which amount so collected shall be turned into the Treasury of the Association.

SECRECY OF MEETINGS.

Members of this corporation shall not communicate to non-members the names of any debtors regarding whom action is taken, or is about to be taken, or on whose account a meeting of creditors has been called, except by consent of a majority of the creditors present at a meeting, nor shall any member communicate to any non-member any business that may be transacted by this corporation.

PRIVILEGES OF NON-MEMBERS.

Non-members may be allowed to participate in creditors' meetings called for the purpose of considering the affairs of a debtor, or for the purpose of a compromise or settlement of claims or debts, by first agreeing to abide by the rules and regulations of the Association, and payment of the regular fee.

COMPOSITION OF DEBTS.

Any debtor or debtors who desire to make a compromise shall first make a written statement of his or their affairs, stating amount of liabilities and assets, and assign the cause or causes of his or their inability to meet his or their obligations in full. Such statement shall be subscribed and sworn to before a Notary Public, or any other officer qualified to administer an oath, and file it with the Secretary. Thereupon it shall be the duty of the President or Secretary to call a meeting of the creditors who are members of the Association. At such meeting of the creditors a majority thereof may direct that notice be given to creditors who are non-members.

MEETING OF CREDITORS.

Whenever there is a meeting of creditors it shall be organized by the election of a chairman from among their number, who shall preside at such meeting and all adjourned meetings. A committee of investigation consisting of three members shall be appointed or elected as a majority of creditors may determine.

The investigating committee, so appointed or elected, has authority to employ such counsel and adjusters as may be necessary, and shall use every effort for the preservation of the estate of an insolvent debtor. After making full examination it shall file a written report of the adjustor or opinion of counsel employed in the matter, together with any recommendation the committee may deem proper.

COMPROMISE

The members of this Association shall not compromise with any debtor or debtors. In the event of creditors representing such an amount creditors representing seventy-five per cent. of the indebtedness of such debtor or debtors. In the event of creditors representing such an amount agreeing to compromise, all persons, firms and corporations having claims filed in the office of the Secretary shall concur, acquiesce in and accept such compromise as may be agreed upon.

EXHIBIT OF RECORDS.

All matters of record, papers, documents, business, etc., of the corporation, shall be shown only to principals (members of the corporation, or non-members in cases in which they are interested, and when they have signed the agreement to abide by the by-laws of the corporation) or to their employees on a written order from the Secretary.

ASSIGNMENT OF CLAIMS.

In all cases where a claim of a member is assigned to the Secretary, such assignment shall not pass any title to, or transfer to the Secretary any remittance, securities or payments which may have been made or given, sent or mailed prior to the date of such assignment, but such remittance, payment or security, shall be retained by the party to whom it has been sent, made or given, and the account assigned credited with the amount of such payment, and in case security has been sent, the person receiving it must either transfer it to the Secretary or procure his claim to be re-assigned and withdrawn.

Insuring Bank Deposits Without Cost.

BY JAMES C. HALLOCK.

The National Association of Credit Men is essentially an improvement society. One of its avowed purposes is to assist in establishing uniformity in business customs and laws. The advantage of mere uniformity is illustrated by a double-track railway between two points operated under the universal custom of moving trains up one track and down the other.

The fact that national bank notes continue to be current and available after the failure of the issuing banks naturally suggests similar treatment of deposits by which deposits in failed banks shall continue to be available without interruption on account of any failure of the banks concerned. The scheme is perfectly feasible, and can be carried out by amendment of the national banking act, so far as national banks are concerned. The application of the plan to State banks and trust companies will have to be obtained through action of the several State legislatures, or by voluntary co-operation of State banks or trust companies.

The concern which keeps the largest bank account in America is the United States Government. All its deposits are fully secured against loss. If business customs and laws were uniform, all other deposits in national banks would also be perfectly secured against loss. An act of Congress authorizes the Secretary of the Treasury to protect the Government against loss on public deposits. The law should be uniform and authorize him to protect all other depositors. By slightly amending the national bank act, Congress can make all deposits in national banks as secure as public deposits in them are, that is, without any danger or possibility of loss whatever.

The following extracts from my article entitled "Make Bank Deposits Safe" in the "Bankers' Magazine" for November, 1904, will explain the proposition:

"All public deposits in United States depositories are fully secured by collateral, which the Secretary of the Treasury exacts from the depository banks and holds for the protection of the Government. The idea is not to trust the bank with a single dollar of the Government's money without receiving collateral in return to cover the amount fully. This system is carried out so rigidly that the Government has never had but two losses (aggregating \$214,761) under the National banking system, and none at all for the past thirty-seven years, though it has had at one time as high as \$170,000,000 in 713 National banks.

"There are so many National banks in this country, their deposits are so large, and losses to depositors through failures of banks have been so few, that it is known a small annual assessment on all National banks would cover any deficiency of assets or of assessments on stockholders to pay in full all depositors of failed banks.

"The arrangement, fairest to all parties, appears to be a limited assessment, not exceeding in any one year a dollar per thousand; that is, one-tenth of one per cent. Just now this would be many times more than necessary. With the present volume of deposits it would exceed the deficiency in any single year as yet known under the National banking system. Since the affairs of all the failed banks are not yet finally closed, the average annual deficiency has to be estimated. For the forty years from 1864 to 1903, inclusive, it will not exceed \$1,000,000, and may prove to be \$800,000 or less. Such a deficiency would mean this year an assessment of from seventeen to twenty-one cents per thousand dollars. For convenience the average assessment of future years may be stated as twenty cents per thousand dollars, which is one-fiftieth of one per cent. And this percentage will be still less if the deposits increase in volume as they have been doing and are likely to do.

"Under such a system of secured deposits, when any National bank failed, the depositors would simply be notified that their deposits had been transferred to another bank. The deposits would continue to be available without interruption for a single day.

"With their deposits fully secured, National banks would inspire such universal confidence that large amounts of money still hoarded from distrust of banks would be placed in them and give them a profit which would much more than offset the trifling annual assessment necessary to insure their deposits."

If the Government was authorized by law to make the necessary assessment on the banks ratably to their deposits, it could without risk guarantee all deposits in national banks, protect depositors against loss and collect from the banks what would be needed to make good all deficiencies.

Who would oppose such a sensible measure? As the insurance would not cost depositors anything, they would not object to it. As the banks would profit by it the insurance would practically cost them nothing. They should not oppose it. Probably the opposition would be confined to a few very worthy institutions that profess to be distinctly better than other banks.

One consideration ought to outweigh any objection anywhere. Every practical business man will admit that in the ordinary course of events it is reasonable to expect sooner or later a financial panic, unless possibly remedies hitherto unemployed are applied to mercantile affairs. It is obvious that part of the trouble in time of panic arises from the un-

availability of deposits in failed banks. Insuring deposits as proposed would remedy this part of the trouble.

The Detroit "Free Press," noticing my article, says making bank deposits safe would certainly be comfortable for depositors. A college president writes me, it would certainly seem that there ought to be some protection beyond what is now afforded, for ordinary depositors. A banker writes, he would be most happy to join me in accomplishing the much-to-be-desired end of making national bank deposits absolutely secure.

What do you think, reader? If you agree with me that Congress should this winter pass the necessary legislation to insure the deposits, write to the Member of Congress from your district and to the Senators from your State, urging its passage in time to become a law before March 4, 1905.

203 Sterling Place, Brooklyn, N. Y.

The Working of the Co-Insurance Clause.

The New York Standard Coinsurance Clause (eighty per cent.), reads as follows:

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty per cent. of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty per cent. of the actual cash value of such property.

In the event of the property owner having insurance in force to an amount equal to or exceeding eighty per cent. of the actual cash value of his property, the coinsurance clause has no bearing whatever upon an adjustment, any more than if it was not contained in the policy. If, on the other hand, the insurance falls below eighty per cent. of the property value, and a partial loss is sustained, the clause becomes operative (though in case of a total loss it would have no effect). Following is an example illustrating the working of this clause in case of partial loss:

Total value of property insured.....	\$10,000
Insurance required under eighty per cent. clause.....	8,000
Actual insurance, six-eighths, or.....	\$6,000
Owner becomes coinsurer for deficiency to make eighty per cent., two-eighths, or.....	2,000
	8,000
Loss of forty per cent. of total value occurs, of which the company pays six-eighths, or....	\$3,000
And insured pays two-eighths, or.....	1,000
	4,000

In case of a total loss, under other conditions as above, the liability of the insurance companies, which would be no greater than six-eighths of any loss, would be limited by the maximum amounts of their policies to \$6,000.

Manana.

A few years ago two young men clerking in a wholesale hardware establishment determined to embark in business. An inventory of their assets showed a few hundred dollars on the right side, so the first of the following year they handed in their resignations and shortly afterwards opened a small store, finely stocked with a line of goods for which there was an immediate sale.

They early determined to proceed slowly, preferring to have a natural growth rather than an overgrowth, which last condition would surely result through poor credits, and would speedily bring about a decided change in their paying ability. Another determination was that of buying only such goods the bills for which could be discounted, and many orders were turned down for this reason. The business evidently has prospered if you can judge from the size of the quarters which are now occupied, and which are not, as formerly, on the outskirts of the hardware district. Their business card carries these verses, the sentiment of which could hardly have influenced these young men.

"MANANA" (TO-MORROW.)

My friend, have you heard of the town of Yawn,

On the banks of the River Slow,
Where blooms the Waitawhile flower fair,
Where the Sometimeorother scents the air,
And the soft Gocasys grow?

It lies in the valley of Whatstheuse,
In the province of Letherslide;
That tired feeling is native there—
It's the home of the listless Idontcare
Where the Putitoffs abide

The Putitoffs smile when asked to Pay up
And say they will do it to-morrow;
And so they delay from day unto day,
Till Death cycles up and steals them away,
And their Creditors beg, steal, or borrow.

A New Banking Plan.

The First National Bank of Chicago, which is credited with doing the largest purely commercial business in the country, has adopted a novel plan for the control and extension of this feature of its business, which will be put into effect on Jan. 1. The plan is the idea of the President, Mr. J. B. Forgan, and amounts practically to the division of the institution's commercial business into departments each under the control of officers specially designated for that work, and who will be responsible for the success of each branch.

The bank's customers have been divided into seven groups according to their trade or line of business, and each of the groups will be placed in charge of a senior and junior officer of the bank. The senior will have charge of the credits in his group and all borrowers in the line covered by his group will be referred to him. The junior will be placed in charge of all matters of detail. The boot and shoe trade will compose one group, the clothing trade another, the grocery trade another, and so on through the packing house, tobacco and other trades.

The idea is that under this plan the officers in charge of each group will have an opportunity to familiarize themselves with the affairs of the trade they are handling, to learn its banking requirements, to become experts on its credits, and by so becoming familiar with it, be in a better position to judge of its necessities for accommodation and the amounts which can prudently be loaned on its paper, than is possible under the present methods of banking. It is expected that the expert knowledge thus acquired will not only reduce losses, but increase business. The

senior officer will be required to make monthly and yearly reports of the volume of business transacted, and the results in the way of profits, and the reduction of losses by failures, compromises, etc.

It has frequently been said that the great bank, having a large capital and doing an extensive business, is no place for the small borrower, who is not encouraged to apply to it, because it is impossible for the officers, taken up as they are by the press of greater things, to acquire the intimate knowledge of the small man's affairs, which is necessary for safe and conservative banking. It is Mr. Forgan's idea to meet this objection by placing the responsibility of acquiring this knowledge on officers of the bank specially designated for just this work.

So far as is known this is an entirely new feature in American banking, and its working will be watched with keen interest by officers of banks, trust companies, and other institutions which carry deposit and loan accounts throughout the country, as well as by credit men in general.

Negotiable Instruments Law.

ADDRESS DELIVERED BY R. W. MERRILL BEFORE THE GREAT RAPIDS CREDIT MEN'S ASSOCIATION, NOVEMBER 14, 1904.

This act has been presented to the legislatures of the several States and of Congress and has been adopted by New York, Pennsylvania, Connecticut, Rhode Island, Ohio, New Jersey, North Carolina, Tennessee, Wisconsin, Florida, Colorado, Maryland, Virginia, Massachusetts, Utah, Iowa, Arizona, Idaho and the District of Columbia. Framed after the English Act which applies to the English Bill of Exchange Act, it is really an American Act on Negotiable Instruments and is designed to be a uniform law on the subject of Negotiable Instruments throughout the United State.

There appears to be a great desire and action to secure for all the States a uniformity in the laws pertaining to marriage and divorce, descent, wills, notarial certificates, acknowledgment of deeds and commercial paper. Commercial paper is now the most advanced in this movement. Its adoption in Michigan would remove much of the confusion which now exists as to the rights and liabilities of the parties to such instruments. The American Bar Association first gave this movement form and direction in 1891. In 1895 the act was drafted by Mr. John J. Crawford of New York. Each section has been annotated with reference to the decisions of the courts, all the important provisions of the act being supported by some well-considered decision of some court of high standing.

Its history in Michigan is that it once passed the house, but owing to the opposition of the Chairman of the Senate Judiciary Committee it was not reported. In the last legislature it was reported favorably by the committee of the whole in the Senate, but failed to have a final hearing. Some of the objections urged against it in the legislature were, that the average man would not require a lawyer to collect a note, and it would be an intrusion on the practice of attorneys. Being a codified law, precedents are at hand and are well fixed and settled. To the business man it would lead to avoiding much litigation. Our present Michigan laws are largely in accord with the provisions of this act, and where they conflict concession should be made for the sake of uniformity. The changes which it would make in the Michigan law are: In a negotiable instrument, "the sum payable is a sum certain within the meaning of this act, although it is to be paid with costs of collection or an attorney's fee in case payment is not made at maturity;" also, that "the negotiable character of an instrument otherwise negotiable is not affected by a pro-

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provision which authorizes a confession of judgment, if the instrument be not paid at maturity, "or waives the benefit of any law intended for the advantage or protection of the obligor." The act declares further that "nothing in this shall validate any provision or stipulation otherwise illegal." Also, "when a person not otherwise a party to an instrument places his signature in blank before delivery, he is liable as indorser, in accordance with the following rule: "If the instrument is payable to the order of a third person, he is liable to the payee and to all subsequent parties." Also, "when the instrument contains, or a person adds to his signature words indicating that he signs for or on behalf of the principal, or in a representative capacity, he is not liable on the instrument if he was duly authorized; but the mere addition of words describing him as an agent, or as filling a representative character without disclosing his principal does not exempt him from personal liability;" also, that "every negotiable instrument is payable at the time fixed therein without grace. When payable, Sec. 85 reads: "Every negotiable instrument is payable at the time fixed therein, without grace. When the day of maturity falls upon Sunday or a holiday, the instrument is payable on the next succeeding business day. Instruments falling due on Saturday are to be presented for payment on the next succeeding business day, except that instruments payable on demand may, at the option of the holder, be presented before 12 o'clock noon, on Saturday, when that entire day is not a holiday."

SEC. 86. "When the instrument is payable at a fixed period after date, after sight or after the happening of a certain event, the time of payment is determined by excluding the day from which the time is to begin to run and including the date of payment."

SEC. 87. "When the instrument is made payable at a bank, it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon."

The act has in Chapter I:

Negotiable Instruments in General.

- ART. I. Form of interpretation.
- ART. II. Consideration.
- ART. III. Negotiation.
- ART. IV. Rights of the holder.
- ART. V. Liabilities of parties.
- ART. VI. Presentment of payment.
- ART. VII. Discharge of negotiable instruments.

Chapter II:

Bills of Exchange.

- ART. I. Form.
- ART. II. Acceptance.
- ART. III. Presentation.
- ART. IV. Protest.
- ART. V. Acceptance for honor.
- ART. VI. Payment for honor.
- ART. VII. Bills in a set.

Chapter III:

Notes and Checks.

Chapter IV:

General Provisions.

I now review the following sections pertaining particularly to acceptance and "payment for honor."

SEC. 161. "When a bill of exchange has been protested for dishonor by non-acceptance, or protested for better security and is not overdue, any

person not being a party already liable thereon, may with the consent of the holder intervene and accept the bill, *supra* protest, for the honor of any party liable thereon, or for the honor of the person for whose account the bill is drawn. The acceptance for honor may be for part only of the sum for which the bill is drawn; and where there has been an acceptance for honor for one party, there may be a further acceptance by a different person for the honor of another party."

SEC. 162. "An acceptance for honor, *supra* protest, must be in writing, and indicate that it is an acceptance for honor and must be signed by the acceptor for honor."

SEC. 163. "When an acceptance for honor does not expressly state for whose honor it is made, it is deemed to be an acceptance for the honor of the drawer."

SEC. 164. "The acceptor for honor is liable to the holder, and to all parties to the bill subsequent to the party for whose honor he has accepted."

SEC. 165. "The acceptor for honor by such acceptance engages that he will, on due presentment, pay the bill according to the terms of his acceptance, provided it shall not have been paid by the drawee; and provided also, that it shall have been duly presented for payment and protested for non-payment and notice of dishonor given to him."

SEC. 166. "When a bill payable at sight is accepted for honor, its maturity is calculated from the date of the noting for non-acceptance, and not from the date of the acceptance for honor."

SEC. 167. "When a dishonored bill has been accepted for honor *supra* protest, or contains a reference in case of need, it must be protested for non-payment before it is presented for payment to the acceptor for honor or reference in case of need."

SEC. 168. "Presentment for payment to the acceptor for honor must be made as follows:

"1. If it is to be presented in the place where the protest for non-payment was made, it must be presented not later than the day following its maturity.

"2. If it is to be presented in some other place than the place where it was protested, then it must be forwarded within the time specified in section 104."

SEC. 169. "The provisions of section 81 apply when there is delay in making presentment to the acceptor for honor or reference in case of need."

SEC. 170. "When the bill is dishonored by the acceptor for honor it must be protested for non-payment by him."

SEC. 171. "When a bill has been protested for non-payment, any person may intervene and pay it, *supra* protest, for the honor of any person liable thereon or for the honor of the person for whose account it was drawn."

SEC. 172. "The payment for honor, *supra* protest, in order to operate as such, and not as a mere voluntary payment must be attested by a notarial act of honor, which may be appended to the protest or form an extension to it."

SEC. 173. "The notarial act of honor must be founded on a declaration made by the payer for honor or by his agent in that behalf, declaring his intention to pay the bill for honor, and for whose honor he pays."

SEC. 174. "Where two or more persons offer to pay a bill for the honor of different parties, the person whose payment will discharge most parties to the bill is to be given the preference."

SEC. 175. "When a bill has been paid for honor all parties subsequent to the party for whose honor it is paid are discharged, but the payer for

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honor is subrogated for, and succeeds to, both the rights and duties of the holder, as regards the party for whose honor he pays, and all parties liable to the latter."

SEC. 176. "When the holder of a bill refuses to receive payment, *supra* protest, he loses his right of recourse against any party who would have been discharged by such payment."

SEC. 177. "The payer for honor on paying to the holder the amount of the bill, and the notarial expenses incidental to its dishonor, is entitled to receive both the bill itself and the protest."

In the foregoing sections 161-177 I have given to you the full text of that portion of the act which relates to the different modes of procedure when honor by a friend can be secured to protect one's name and credit, and in this State, it being comparatively in disuse, familiarity with this most useful feature of the laws in the States where it is operative is urged upon you all, for it opens a new field of recourse which should benefit all who handle paper extensively.

In presenting to you this most interesting and instructive theme, I appeal to you in these times of interstate commerce, are not the objects desirable to attain? Why should commercial law be left to linger in the methods of the past? The demands of the times are to secure one general law on the subject, applicable to all States and courts alike. To this end let the Credit Men's Association of Grand Rapids, Mich., through its legislative committee, urge upon our next legislature the passage of the commonly adopted "Negotiable Instruments Law."

NEWS OF THE LOCAL ASSOCIATIONS.

Baltimore Credit Men's Association.

The Baltimore Credit Men's Association will hold their Annual Meeting December 15, 1904. The meeting will be held in the Hotel Belvedere and will be preceded by a dinner. Present indications point to a large and enthusiastic gathering.

The Baltimore Association is rapidly gaining in membership. Secretary Young has, owing to ill health, tendered his resignation, which has been accepted with regret. Mr. Baden succeeds Mr. Young.

Chicago Credit Men's Association.

The regular monthly meeting of the Chicago Credit Men's Association was held at Kinsley's on Wednesday evening, November 16th, 1904. The attendance, upon which as an association Chicago justly prides itself, was large. Preceding the regular programme Edwin Sherman, of Guthmann, Carpenter & Telling, addressed the Association in regard to a work, which is now being taken up with great enthusiasm, relating to the increase of the trade of Chicago, the great central market. Following Mr. Sherman's remarks interesting and instructive addresses were delivered by Clinton B. Evans, editor and publisher of *The Economist* on "Chicago and the Panama Canal," and Albert N. Eastman, of Albert N. and Edw. P. Eastman, on "Exemption Laws—Their Purpose."

Cincinnati Credit Men's Association.

The Cincinnati Credit Men's Association held its regular annual meeting and banquet at the Phoenix Club, Thursday, November 17th, at 6.30 P. M. Eighty-five members of the Association marched into the banquet hall led by Mr. A. W. Sommerfield, President of the Cincinnati

Credit Men's Association. The meeting will easily take first rank among the many enjoyable meetings of the Association. The enthusiasm of the members was greater than ever. All seemed to feel that the work to be done in the future was prophesied in the work of the past year, that the increase in membership, 66 in the past year, was but the beginning of a movement that was destined to bring within its ranks every reputable business house in the cities of Cincinnati, Newport and Covington that was engaged in extending credits.

After satisfying the cravings of the physical man with a menu that all pronounced delicious, the intellectual and spiritual man were treated to a summary of the work done in the past year. President Sommerfield summarized the reports of the various committees in his careful review of the work of the past year. The progress made during the last year astounded even those who were familiar with the gradual work of the Association during those twelve months. The membership of the organization has increased 60 per cent., the scope of the work has broadened and deepened, and the interest of all the members has been aroused until now, in the words of one of the speakers, we have a 168 brain-power organization. Mr. W. H. Murphy, Mr. C. F. Korn and Mr. L. S. Doggett, the Membership Committee, were especially congratulated on the efficiency of their work.

At the conclusion of his remarks President Sommerfield named Mr. Sol. Stix, Mr. C. E. Mather and Mr. A. Merkel as an Auditing Committee to examine the books of the retiring Treasurer, Mr. R. McF. Smith. The Nominating Committee, Mr. Abe Plant, Mr. Geo. A. Middleton and Mr. H. F. Taylor, presented their report, and additional nominations were called for. No additional nominations being made, it was moved by Mr. Geo. Guckenberger and unanimously carried that the Secretary be instructed to cast the ballot for the members nominated for the Executive Committee. In accordance with this resolution the Secretary declared the following gentlemen elected to the Executive Committee for the ensuing year:

A. S. Brown, Brown & Co.; W. L. Chandler, the Dodge Mfg. Co.; Geo. F. Dieterle, the Union Distilling Co.; L. S. Doggett, the Putnam-Hooker Co.; W. A. Hopple, the John Shillito Co.; Miles E. Jackson, the Ohio Valley Shoe Co.; W. B. Johnston, the P. R. Mitchell Co.; Chester Korn, the Farrin-Korn Lbr. Co.; Samuel Mayer, the I. Fallers Sons Co.; W. H. Murphy, the Peck-Williamson Co.; W. E. North, Sanford, Storrs & Varner; S. G. Rosson, the John Hibben Dry Goods Co.; A. W. Sommerfield, A. & A. W. Sommerfield & Co.; Robert McF. Smith, National Lead Co.; Max Silberberg, the Feder-Silberberg Co.

President Sommerfield then introduced the speaker of the evening, Professor A. F. Sheldon, of the Sheldon School of Scientific Salesmanship, of Chicago. His address was on the subject, "Scientific Salesmanship and Its Relation to the Credit Department." The attention with which those present listened to every word was proof of the fascination and interest in Professor Sheldon and his subject. Professor Sheldon's address was a plea for the recognition by salesmen of the fact that their calling was a profession and for the better understanding of its importance and the breadth of training requisite. Professor Sheldon was repeatedly encouraged by applause during the course of his lecture and at its conclusion the applause stirred the echoes of the banquet hall and creditors who had thought the credit man a thing of ice would have been astounded by the warmth of their appreciation.

So ended the final event of the Association's year of 1904, and so began the new era of the new Executive Committee. The meeting may be regarded both as an appreciation of the retiring board and a vote of

confidence in the new board. Every one of the members looks for great things from the new board, and judging from the names of the Executive Committee there is little room for doubt.

Denver Credit Men's Association.

The Denver Credit Men's Association held their monthly meeting at the "Delmonico" November 15th, about 60 members being present.

The guests of the evening were Messrs. W. H. Preston and T. E. Watters. After the dinner was served Mr. Preston read a very able paper on "Credit Associations and Credit Safeguards."

Mr. Watters explained to the members present his method of testing the "Bulk Sale Law," which the Association has taken up under their prosecution fund.

Mr. Preston, in opening his address, paid his compliments to the credit men of Denver in very pleasant terms, saying:

"It is a pleasure to visit the Denver Credit Men's Association after an absence of four years and find that the interest has not only been maintained, but has been much increased; that the Association has brought to itself great honors and achievements and that these honors and achievements have been recognized in the selection of one of your members to the highest office in the gift of the National Association of Credit Men.

"After eight years, it is pleasant indeed to me, having had the first honors of the Association in its earliest history, to extend to our national president and to your association most hearty greetings and an assurance of my best efforts in my travels throughout the country to assist in the splendid work which we are undertaking.

"During my incumbency of the office I knew I could always depend on the loyal support of the Denver credit men, and during all the years of activity in connection with the board of directors all the presidents have known, that all that was needed was to indicate to the Denver credit men what was desired and it would be forthcoming. You have not been followers, but you have been leaders and originators. Denver is also honored this year in not only having the president, but a member of the National Board of Directors."

The election of officers held recently by the Denver Credit Men's Association resulted as follows: C. F. Freeland, President, cashier Colorado Fuel and Iron Company; R. R. Gillette, Vice-President, treasurer J. S. Brown & Bro. Mercantile Company; W. P. McPhee, Treasurer, secretary McPhee & McGinnity Company; L. B. Bridaham, Secretary, vice-president Davis-Bridaham Drug Company; H. A. C. Mathew, Assistant Secretary, room 3 Colorado National Bank Building. Directors, J. W. Howard, secretary Donaldson & Howard Commission Company; Karl K. Mayer, secretary Kuner Pickle Company; M. C. Flint, president M. C. Flint Mercantile Company.

Grand Rapids Credit Men's Association.

Some of our local associations find it necessary to issue meeting notices at least ten days in advance, this being necessary in order to insure a representative gathering. Such is not the case, however, in Grand Rapids, Michigan, where a call issued on November 11th, brought together at the Peninsular Club on the evening of November 15th, one of the best attended and most enthusiastic meetings ever held by the Grand Rapids Association. The active campaign planned by the Grand Rapids Association is set forth in the circular announcing the meeting.

"Our next meeting will be held at the Peninsular Club at 6.30 sharp, Tuesday evening, November 15th. Dinner will be served.

Come right from your work and don't stop to "fix up." Don't be late. Let us all be punctual.

We want you to come. No matter what else you think you ought to do on that evening, it is more important that you attend this meeting. We want our Association to accomplish something—we want every member to take an interest and help push the work along. We want to have the best Association in the whole country and we want the outside business world to know that Grand Rapids is the business center of Michigan.

We've many things to consider this year. There's the bulk bill, of vital importance to the man who sells to the retail trade; there's the fire insurance question, equally important; also the filing of mortgages with the County Clerk and the abolition of days of grace on commercial paper.

These things concern every business man—you as well as your neighbor.

Mr. R. W. Merrill will read a paper having to do with the abolition of the days of grace and covering the ground of negotiable paper fully. He has gone into this question thoroughly and you will get the benefit of his hard work and thought without any effort on your part. Mr. Lee M. Hutchins will talk about fire insurance and his "talks" are always worth hearing.

Remember a man does not accomplish unless he attempts. It is the same with associations. What we attempt with your help, we shall accomplish. We have 85 members. We want 100. We enclose blank application. Bring the signature and the signer with you.

Notify Mr. H. C. Cornelius by Cit. phone 1427, not later than Monday noon, that you will be there. He must know in order to feed you properly. Don't neglect it.

As a result of this call sixty members of the Association gathered around the Board, and after disposing of a bountiful repast listened to an address by Mr. R. W. Merrill, on the negotiable instruments law for Michigan. Mr. Merrill's address was very interesting and is printed in full in this issue of the BULLETIN.

Mr. Lee M. Hutchins gave an interesting account of his work as Chairman of the Insurance Committee of the National Association.

The officers of the Grand Rapids Association are gratified at the substantial increase in the Association's membership, which now numbers 103, an increase of 47 members since January 1, 1904.

New York Credit Men's Association.

The Legislative Committee of the New York Credit Men's Association recently held a meeting. One of the subjects discussed was that of "Bankruptcy Administration." After several opinions on this subject had been presented it was decided to request the Business Meetings' Committee to arrange a special meeting of the Association and it was decided to suggest that an invitation to attend the meeting and make an address, be extended to the Hon. Wm. H. Hotchkiss, Referee in Bankruptcy and President of the National Association of Referees. Mr. Hotchkiss accepted the invitation of the Business Meetings' Committee, who thereupon issued the following notice:

The Business Meetings' Committee have arranged to hold a meeting on December 15th. As usual, the meeting will be preceded by an informal dinner.

The topic to be discussed at this meeting is "Bankruptcy Administration." The Hon. William H. Hotchkiss, Referee in Bankruptcy for the Western District of New York and President of the National Association of Referees, will attend the meeting and deliver an address setting forth the results already accomplished, and directing attention to the necessity of active participation by the commercial interests in the administration of the bankruptcy courts. Mr. Hotchkiss has volunteered to answer any

questions on any points, which may be raised by our members in this connection and we hope to have several others to speak on the subject.

As this meeting will be of great importance, the Committee believe that the attendance will exceed the accommodations which it has been able to furnish at places where we have assembled in the past, and in order to enable the Committee to secure adequate seating capacity, you are requested to advise us at once on the enclosed card as to how many seats you desire.

In view of the prominence of the subject, it would be a mark of especial appreciation to our speakers if the heads of your house will make an effort to attend the meeting. Other commercial organizations of this city will be invited to participate with us.

Yours respectfully,
Business Meetings Committee,
G. S. MARIAGER, Chairman.

The United States Judges in charge of bankruptcy matters in the Southern and Eastern Districts of New York have been invited, as well as the Referees for the same districts. Referees have also been invited from the States of New Jersey and Connecticut.

The meeting will be held at the St. Denis Hotel, and promises to be a record breaker.

Pittsburgh Association of Credit Men.

One of the most interesting meetings in the history of the Pittsburgh Association of Credit Men was that held on the evening of Tuesday, November 8th (election night), 1904, in the rooms of the Union Club. The attendance was particularly large and there was not a delay moment in the meeting from beginning to end.

Addresses were made by Mr. James Wardrop, General Manager of the Merchants' and Manufacturers' Association of Pittsburgh, and Hon. John Frances of the Pennsylvania House of Representatives. To say that each made a distinctive hit is putting it rather mildly for the fact of the matter is that seldom, if ever, have the Credit Men listened to more eloquent and well delivered addresses. That of Mr. Wardrop was exceptionally pleasing, owing to the able manner of its presentation, together with the highly valuable points brought out. Mr. Wardrop, being an old New Yorker, is not a stranger to the work of the Association of Credit Men and paid the organization a strong compliment for its past endeavors.

Representative Frances, who at all times is not only brilliant but witty in his public addresses, told the Credit Men just how they expected to have their proposed Bulk Law Sales Bill passed at the coming session of the Pennsylvania Legislature, and then told them just how it would be handled by the Solons at Harrisburg. His address, however, was highly encouraging to credit men, and in Mr. Frances they look for a strong supporter at the coming session of the Legislature.

Regarding the progress of the Bulk Sales Law Bill, a committee of the Pittsburgh Association visited Philadelphia on Wednesday, November 23d, and conferred with the Legislative Committee of the Philadelphia Association. Plans were mapped out, which it is hoped, will be effective in bringing about the passage of this much needed legislation in our State.

Rochester Credit Men's Association.

The annual meeting and election of officers for the ensuing year of the Rochester Credit Men's Association was held in the rooms of the Chamber of Commerce on the evening of November 10th.

The meeting was called to order by the retiring President, Joseph Farley, and the Secretary read the report of the Nominating Committee,

which was accepted. The new officers are: President, Peter A. Vay, cashier of Flour City National Bank; Vice-President, J. H. Lempert, of Solomon Brothers & Lempert; Treasurer, Lee Richmond, of Weaver, Palmer & Richmond; Executive Committee, members for two years, C. A. Surdam, of the Lawyers' Co-operative Publishing Company; L. S. Conkling, of the Moore-Shafer Manufacturing Company, Brockport; Joseph Farley, of E. P. Reed & Company.

The Treasurer reported that \$1,450 has been received during the year, and the disbursements have been \$1,417.32, showing a balance on hand of \$131.83.

Secretary Weter gave a brief review of the meetings held during the year. The membership is now 145, he said, while it was 159 last year. "My plan to increase the membership," said Mr. Weter, "would be to select a list of individuals and concerns that are eligible to membership and have each member select one name from this list, and the chances are that prospective members would be secured without much loss of time. This is merely a suggestion, but we should have at least 175 members, and I think this matter should be taken up at once." In suggesting broader co-operation Mr. Weter said:

"One of our members has said that a close study of the past, present and future of our organization is only necessary to convince us that there are many opportunities for and much need of continued co-operation and united effort on the part of the entire membership, local and national, and our usefulness has only just begun. I believe that ultimately the National Association of Credit Men will take up and, doubtless, formulate plans for an international bureau of trade information, for the mutual protection of the business interests of all members; for the interchange of information that will assist us in the granting of credit protection against unreliable credit seekers and which will place at our command a thoroughly equipped and reliable legal department for the efficient handling of our collections at a moderate cost to us and to furnish us with any legal advice that we may require on any matter of interest to our business, protecting us from loss through unreliable attorneys, and, in short, to establish any needed reforms in the gathering and disseminating of all kinds of business information for our benefit, and all at a cost far below that which we are now forced to pay to existing mercantile and collection agencies, which are realizing an immense profit from the business world for a service which has never yet proved entirely satisfactory.

"The primary object of such a bureau would be the collecting and dissemination of business and credit information gathered from reliable sources and fully verified by competent authorities; in short, issuing to the business man a more complete and reliable report of his customer than he has heretofore been able to obtain from existing mercantile agencies.

After the report of the Secretary had been read President Farley thanked the members of the Association for the hearty support they had accorded him during his term as presiding officer and expressed the hope that the same hearty support would be given his successor.

He then yielded the chair to the newly elected president, and Mr. Vay in a few well-chosen words thanked the Association for the honor that had been conferred upon him. He then introduced the speaker of the evening, Robert Mathews, who read an able and interesting paper on "Commerce and Civilization," Mr. Mathews spoke in part as follows:

"One of the surest signs of a high civilization is the existence of a condition of mutual dependence in society. Nothing has done more to advance this condition than commerce, which by bringing men of different races together has effected intellectual and moral changes of much greater importance to civilization than any economic advantage that has been

obtained. It is on the individual that we must after all depend for the moralization of all the agencies which are engaged in the work of civilization and anything which weakens the character of the individual should be regarded with more than suspicion.

"Socialism would undoubtedly have this tendency and we cannot exact of it too many proofs of its right to be. To the reformation of the individual we must therefore exert ourselves and there is no royal road to this object. Progress along it is necessarily slow. The world has been slowly and painfully marching upon it ever since man came to dwell on the earth and from the past are to be derived the lessons of experience which may enable us to hasten our foot steps." The speaker gave an interesting history of the advancement of the commerce of the world and its part in the advancement of civilization."

The Credit Men's Association of San Francisco.

The Members of the Credit Men's Association of San Francisco recently held a largely attended meeting, at which several interesting addresses were made. Mr. Wm. Sexton, in speaking on "The Benefit of Fire Insurance as Collateral in Extending Credits," said in part:

The importance of credit can be understood when we are told that 97 per cent. of the commerce of the world is carried on on paper exchange, and 3 per cent. on cash.

A cargo of Alaska salmon owned in San Francisco, shipped to Europe, is balanced by a cargo of manufactured articles shipped from Europe to China, and by tea and silk shipped from China to San Francisco; this is credit, and this credit being indorsed by insurance policies, makes the transactions cash, as a loss of either cargo would be made good by insurance, which makes insurance an important factor in extending credit.

Fire insurance as a collateral justifies you, gentlemen, in extending credit to the reliable, capable man to the extent of five times his capital at the same prices as for cash in sixty days, for if he sells your goods, he will send you the result of his sales, and if his goods are destroyed by fire his insurance collateral will pay his debts; in either case he is a cash man, gets his goods at cash and can sell to the consumer at less than if he bought at credit prices.

The reduced prices at which he gets his goods (the sellers taking no risk) pays for his insurance over and over again.

Instruct your customers in the event of a fire:

To save all they can;

To care for, clean up, dry out and air the saved property;

To keep an account of all expenses incurred in caring for saved property, and charge to the loss;

To keep open and continue business as if there were no insurance;

That they must not close their doors and wait for an adjuster;

That the insurance company will not take care of or take possession of the premises or of the saved property;

That any loss caused by negligence to protect and care for property at or after a fire is not covered by the insurance contract; and

That the property saved belongs to the insured and all of the loss and loss expenses thereon up to the policy is chargeable to the insurance.

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Directory of Officers of the National Association of Credit Men, and Affiliated Branches.

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